

ACREAGE ALLOTMENT ADJUSTMENTS FOR TYPES OF
TOBACCO

SEPTEMBER 13, 1951.—Ordered to be printed

Mr. ELLENDER, from the Committee on Agriculture and Forestry,
submitted the following

REPORT

[To accompany H. R. 4475]

The Committee on Agriculture and Forestry, to whom was referred the bill (H. R. 4475) to amend the Agricultural Adjustment Act of 1938, as amended, having considered the same, report thereon with a recommendation that it do pass with an amendment.

On page 2, beginning on line 17, add the following sentence:

The increase in acreage under this subsection shall not be considered in establishing future State or farm acreage allotments.

STATEMENT

Under the provisions of the Agricultural Adjustment Act of 1938, as amended, providing for tobacco marketing quotas and acreage allotments, eight separate kinds of tobacco are recognized and defined. Each kind of tobacco as defined comprises more than one type except for Maryland, Burley, Virginia sun-cured, and Pennsylvania filler tobacco. Fire-cured tobacco, for example, includes types 21, 22, 23, and 24, and cigar filler and binder tobacco includes types 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55. Likewise flue-cured tobacco and dark air-cured tobacco each comprise a number of types of tobacco. However, H. R. 4475 would apply only to the fire-cured and cigar filler and binder kinds of tobacco since it is only with respect to the types comprising these kinds that a showing with respect to a difference in use or market outlets could be made.

Supplies of the types of tobacco comprising a kind are generally in about the same relative position with respect to demand and carry-over requirements. However, supply and demand position of the types comprising cigar filler and binder tobacco and fire-cured tobacco may, for several reasons, become substantially different. For instance, weather conditions affecting the small area in which each type is grown may cause a variation in yields per acre of one type over

2 ACREAGE ALLOTMENT ADJUSTMENTS FOR TYPES OF TOBACCO

another, thereby creating a relatively short or long supply of a particular type as contrasted with several types which are grouped for marketing-quota purposes. An unbalance in the supply position for a particular type of tobacco within a kind also may develop from demand, both domestic and foreign.

Under the present law, the marketing quota proclaimed for any kind of tobacco is apportioned among the various States producing the types of tobacco comprising this kind. The poundage quota is converted to a State acreage allotment and is then apportioned to farms on the basis of the farm's historical production and other factors prescribed in the statute. This results in a uniform adjustment in acreage allotments for all farms regardless of the type of tobacco produced on the farm and without regard to whether such type is in long or short supply as compared to the kind as a whole.

H. R. 4475 authorizes the Secretary of Agriculture to make an increase in marketing quotas and acreage allotments for any type or types within a kind of tobacco if needed to meet market demands and carry-over requirements for such type or types of tobacco and there is a substantial difference in usage or market outlets for such type or types of tobacco. The bill provides that the additional production authorized shall be in addition to the national marketing quota established for such kind of tobacco, and your committee recommends the bill be amended to provide that the additional acreage by virtue of an increase for any type or types shall not be considered in determining State and farm acreage allotments in subsequent years. Thus the bill would result in changes in the acreage in type producing areas only as necessary to maintain an adequate supply of the tobacco grown in such type-producing area, and the apportionment of the national marketing quota proclaimed for any subsequent year would be made uniformly for all types of tobacco without regard to the increase previously made in any type. Consequently, any increase would be for 1 year only and would not constitute a determination as to the demand requirements of the respective types for any subsequent year.

A copy of a favorable report from the Department of Agriculture on S. 1763, a bill identical to H. R. 4475 as passed by the House of Representatives, is attached hereto as a part of this report.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., July 20, 1951.

Hon. ALLEN J. ELLENDER,
*Chairman, Committee on Agriculture and Forestry,
United States Senate.*

DEAR SENATOR: This is in reply to your request of June 28, 1951, for a report on S. 1763, a bill to amend the Agricultural Adjustment Act of 1938, as amended.

The Agricultural Adjustment Act of 1938, as amended, defines eight separate kinds of tobacco and requires the Secretary to proclaim a national marketing quota for any kind of tobacco whenever he finds the total supply of that kind of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level therefor. The Agricultural Act of 1948 amended the Agricultural Adjustment Act of 1938 to require the proclamation of a national marketing quota for each marketing year for each kind of tobacco for which a national marketing quota was proclaimed for the immediately preceding marketing year. This provision was reenacted in the Agricultural Act of 1949.

"Kinds" of tobacco as defined in the Agricultural Adjustment Act of 1938, as amended, comprise more than one type, except for Maryland, Burley, Virginia

sun-cured and Pennsylvania filler tobacco. Fire-cured tobacco, for example, includes types 21, 22, 23, and 24. Cigar-leaf tobacco includes types 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55. When a number of types are combined a national marketing quota is proclaimed for the types as combined and acreage adjustments are applied uniformly, regardless of the supply position of the individual types within the combination. Generally, the supply for the types of tobacco comprising a kind will be in about the same relative position. However, economic conditions with their attending effects on usage of the different types comprising a kind may result in an unbalanced supply position of one type as compared to the group as a whole.

S. 1763 provides for an increase in marketing quotas and acreage allotments for any type or types comprising a kind of tobacco if needed to meet market demands and carry-over requirements for such type or types of tobacco and there is a substantial difference in the usage or market outlets for such type or types. This language would permit allotments for any type or types of tobacco which could be expected to provide a supply equal to demand. While the amendment does not specify any particular kind of tobacco, it is thought that it would be applicable only to fire-cured and cigar tobacco. It is only with respect to the types comprising these kinds that a showing with respect to a difference in usage or market outlets could be made.

The enactment of S. 1763 would entail no additional administrative expense. Likewise the enactment of this legislation should require little or no additional CCC funds in supporting the prices of tobacco in any given year. Over a period of years it is believed that less CCC funds would be required since any additional production would be for those types for which demand exists.

This Department recommends that S. 1763 be enacted.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this report.

Sincerely,

C. J. McCORMICK,
Acting Secretary.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italics*, existing law in which no change is proposed is shown in roman):

AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED

SEC. 313.

* * * * *

(i) *Notwithstanding any other provision of this Act, whenever after investigation the Secretary determines with respect to any kind of tobacco that a substantial difference exists in the usage or market outlets for any one or more of the types comprising such kind of tobacco and that the quantity of tobacco of such type or types to be produced under the marketing quotas and acreage allotments established pursuant to this section would not be sufficient to provide an adequate supply for estimated market demands and carry-over requirements for such type or types of tobacco, the Secretary shall increase the marketing quotas and acreage allotments for farms producing such type or types of tobacco in the preceding year to the extent necessary to make available a supply of such type or types of tobacco adequate to meet such demands and carry-over requirements. The increases in farm marketing quotas and acreage allotments shall be made on the basis of the production of such type or types of tobacco during the period of years considered in establishing farm marketing quotas and acreage allotments for such kind of tobacco. The additional production authorized by this subsection shall be in addition to the national marketing quota established for such kind of tobacco pursuant to section 312 of this Act. The increase in acreage under this subsection shall not be considered in establishing future State or farm acreage allotments.*

